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## **WONG'S INTERNATIONAL HOLDINGS LIMITED**

**王氏國際集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 99)**

### **ANNOUNCEMENT OF 2020 FINAL RESULTS**

#### **FINANCIAL HIGHLIGHT:**

- The loss attributable to owners of the Company was HK\$761.7 million. This was mainly due to impairment losses of stock of completed properties, fair value losses of the investment properties held by the Group and its joint ventures of HK\$866.0 million. The fair value losses reflect the commercial property market conditions which were adversely affected by the outbreak of COVID-19.
- Profit from EMS Division decreased by HK\$26.4 million due to reduction in demand as a result of the current trade tension between Mainland China and the US and the outbreak of COVID-19.

#### **FINAL RESULTS**

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020 as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	2	<b>3,224,636</b>	3,781,156
Other income	3	<b>21,326</b>	9,826
Changes in inventories of finished goods and work in progress		<b>(35,593)</b>	(830)
Raw materials and consumables used		<b>(2,345,590)</b>	(2,741,393)
Cost of stock of completed properties		–	(132,015)
Employee benefit expenses		<b>(443,807)</b>	(456,772)
Depreciation		<b>(70,921)</b>	(69,204)
Other operating expenses		<b>(169,094)</b>	(182,790)
Change in fair value of investment properties		<b>(483,025)</b>	28,375
Other (losses)/gains – net	4	<b>(50,638)</b>	9,502
Impairment losses of stock of completed properties		<b>(22,940)</b>	–
Reversal/(provision) of impairment losses on trade receivables		<b>590</b>	(698)
Operating (loss)/profit		<b>(375,056)</b>	245,157
Finance income		<b>18,358</b>	20,588
Finance costs		<b>(55,650)</b>	(65,461)
Share of profit/(loss) of an associate		<b>949</b>	(636)
Share of (losses)/profits of joint ventures	8	<b>(324,231)</b>	104,921
<b>(Loss)/profit before income tax</b>		<b>(735,630)</b>	304,569
Income tax expense	5	<b>(26,048)</b>	(38,242)
<b>(Loss)/profit after income tax</b>		<b>(761,678)</b>	266,327
<b>(Loss)/profit attributable to owners of the Company</b>		<b>(761,674)</b>	266,327
<b>Non-controlling interests</b>		<b>(4)</b>	–
		<b>(761,678)</b>	266,327
<b>(Loss)/earnings per share attributable to owners of the Company during the year</b>			
Basic	7	<b>(HK\$1.59)</b>	HK\$0.56
Diluted	7	<b>(HK\$1.59)</b>	HK\$0.56

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2020*

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/profit for the year</b>	<b>(761,678)</b>	266,327
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to consolidated income statement:</i>		
Cash flow hedge – fair value losses for the year	<b>(22,450)</b>	(2,360)
Cash flow hedge – deferred income tax recognised	<b>3,704</b>	389
Currency translation differences:		
– Group	<b>131,184</b>	(35,098)
– Associates	<b>208</b>	(37)
 <i>Item that will not be reclassified subsequently to consolidated income statement:</i>		
Changes in fair value of financial assets at fair value through other comprehensive income	<b>507</b>	113
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>113,153</b>	(36,993)
<b>Total comprehensive (loss)/income for the year</b>	<b>(648,525)</b>	229,334
<b>Attributable to:</b>		
Owners of the Company	<b>(648,521)</b>	229,334
Non-controlling interests	<b>(4)</b>	–
<b>Total comprehensive (loss)/income for the year</b>	<b>(648,525)</b>	229,334

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2020*

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>249,956</b>	220,157
Investment properties		<b>2,052,585</b>	2,534,016
Right-of-use assets		<b>110,176</b>	125,796
Investments in associates		<b>25,719</b>	26,062
Interests in joint ventures	8	<b>2,148,651</b>	2,505,012
Financial assets at fair value through other comprehensive income		<b>7,454</b>	4,349
Deferred income tax assets		<b>27,301</b>	27,642
Deposits and other receivables		<b>12,107</b>	20,537
Derivative financial instruments		–	76
Restricted cash		<b>2,981</b>	14,369
		<b>4,636,930</b>	5,478,016
<b>Current assets</b>			
Inventories		<b>313,566</b>	319,234
Stock of completed properties		<b>213,410</b>	236,350
Trade receivables	9	<b>912,141</b>	876,131
Prepayments, deposits and other receivables		<b>89,366</b>	74,858
Financial assets at fair value through other comprehensive income		<b>28</b>	126
Amounts due from associates		–	14
Current income tax recoverable		<b>1,372</b>	1,727
Restricted cash		–	11,580
Short-term bank deposits		<b>738,916</b>	641,886
Cash and cash equivalents		<b>680,202</b>	543,314
		<b>2,949,001</b>	2,705,220
<b>Total assets</b>		<b>7,585,931</b>	8,183,236

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>47,848</b>	47,848
Other reserves		<b>598,884</b>	481,572
Retained earnings			
– Proposed dividend		<b>9,570</b>	14,355
– Others		<b>3,677,472</b>	4,462,445
		<u><b>4,333,774</b></u>	<u>5,006,220</u>
<b>Non-controlling interests</b>		<u><b>–</b></u>	<u>4</u>
<b>Total equity</b>		<u><b>4,333,774</b></u>	<u>5,006,224</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Derivative financial instruments		<b>26,592</b>	4,217
Accruals and other payables		<b>11,290</b>	15,844
Lease liabilities		<b>27,946</b>	30,583
Deferred income tax liabilities		<b>70,136</b>	72,293
Borrowings	<i>11</i>	<b>1,184,662</b>	1,226,565
		<u><b>1,320,626</b></u>	<u>1,349,502</u>
<b>Current liabilities</b>			
Trade payables	<i>10</i>	<b>668,278</b>	673,649
Accruals and other payables		<b>192,077</b>	187,838
Contract liabilities		<b>164,190</b>	147,465
Lease liabilities		<b>5,147</b>	19,756
Current income tax liabilities		<b>47,831</b>	89,181
Borrowings	<i>11</i>	<b>854,008</b>	709,621
		<u><b>1,931,531</b></u>	<u>1,827,510</u>
<b>Total liabilities</b>		<u><b>3,252,157</b></u>	<u>3,177,012</u>
<b>Total equity and liabilities</b>		<u><b>7,585,931</b></u>	<u>8,183,236</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2020*

	Attributable to owners of the Company			Non- controlling interests	Total
	Share capital	Share premium	Other reserves		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
As at 1 January 2019	47,848	153,025	4,619,312	4	4,820,189
Effect on adoption of HKFRS 16	–	–	(235)	–	(235)
	47,848	153,025	4,619,077	4	4,819,954
<b>Comprehensive income</b>					
Profit for the year	–	–	266,327	–	266,327
<b>Other comprehensive income</b>					
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	113	–	113
Currency translation differences	–	–	(35,135)	–	(35,135)
Cash flow hedge – fair value losses for the year	–	–	(2,360)	–	(2,360)
Cash flow hedge – deferred income tax recognised	–	–	389	–	389
	–	–	(36,993)	–	(36,993)
Total other comprehensive loss	–	–	(36,993)	–	(36,993)
	–	–	229,334	–	229,334
Total comprehensive income	–	–	229,334	–	229,334
<b>Transactions with owners</b>					
Dividend paid to owners of the Company	–	–	(43,064)	–	(43,064)
	–	–	(43,064)	–	(43,064)
Total transactions with owners	–	–	(43,064)	–	(43,064)
	–	–	(43,064)	–	(43,064)
As at 31 December 2019	47,848	153,025	4,805,347	4	5,006,224

	<u>Attributable to owners of the Company</u>			Non-	
	Share	Share	Other	controlling	Total
	capital	premium	reserves	interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 1 January 2020</b>	<b>47,848</b>	<b>153,025</b>	<b>4,805,347</b>	<b>4</b>	<b>5,006,224</b>
<b>Comprehensive income</b>					
Loss for the year	-	-	(761,674)	(4)	(761,678)
<b>Other comprehensive income</b>					
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	507	-	507
Currency translation differences	-	-	131,392	-	131,392
Cash flow hedge – fair value losses for the year	-	-	(22,450)	-	(22,450)
Cash flow hedge – deferred income tax recognised	-	-	3,704	-	3,704
Total other comprehensive income	-	-	113,153	-	113,153
Total comprehensive loss	-	-	(648,521)	(4)	(648,525)
<b>Transactions with owners</b>					
Dividend paid to owners of the Company	-	-	(23,925)	-	(23,925)
Total transactions with owners	-	-	(23,925)	-	(23,925)
<b>As at 31 December 2020</b>	<b>47,848</b>	<b>153,025</b>	<b>4,132,901</b>	<b>-</b>	<b>4,333,774</b>

## NOTES:

### 1. BASIS OF PREPARATION

**a) Compliance with Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance**

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

**b) Historical cost convention**

These consolidated financial statements have been prepared on a historical cost basis, as modified by revaluation of financial asset at fair value through other comprehensive income, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

**c) Amendments to existing standards and conceptual framework effective in financial year beginning 1 January 2020**

<b>Standards</b>	<b>Subject of amendment</b>
Amendments to HKFRS 3 (Revised)	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform – Phase 1
Amendments to HKFRS 16	COVID-19–related Rent Concessions

There are no amendments to standards and conceptual framework that are effective for the first time for this period that could be expected to have a material impact on the Group.



- d) **New standards, amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2020 and have not been early adopted**

<b>Standards</b>	<b>Subject of amendment</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to Annual Improvements Project	Annual Improvements 2018-2020 Cycle	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment	1 January 2022
Amendments to HKAS 37	Onerous Contracts	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Presentation of Financial Statements on Classification of Liabilities	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and interpretation. The Directors of the Company will adopt the new standards, amendments to standards and interpretation when they become effective.

## 2. SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). The Group is currently organised into two operating divisions:

Electronic Manufacturing Service ("EMS") – manufacture and distribution of electronic products for EMS customers.

Property Holding – development, sale and lease of properties.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis includes profit or loss of the operating segments before other income, other (losses)/gains – net, finance costs – net and share of profit/(loss) of an associate but excludes corporate and unallocated expenses. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

	<b>EMS division HK\$'000</b>	<b>Property Holding division HK\$'000</b>	<b>Total HK\$'000</b>
<b>For the year ended 31 December 2020</b>			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	3,157,160	–	3,157,160
Revenue from other sources			
– Rental income	–	67,476	67,476
	<u>3,157,160</u>	<u>67,476</u>	<u>3,224,636</u>
Segment results	<u>132,811</u>	<u>(780,147)</u>	<u>(647,336)</u>
Depreciation	68,511	41	68,552
Share of losses of joint ventures	–	(324,231)	(324,231)
Change in fair value of investment properties	–	(483,025)	(483,025)
Capital expenditure	<u>73,884</u>	<u>–</u>	<u>73,884</u>

	EMS division <i>HK\$'000</i>	Property Holding division <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2019			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	3,559,922	149,699	3,709,621
Revenue from other sources			
– Rental income	–	71,535	71,535
	<u>3,559,922</u>	<u>221,234</u>	<u>3,781,156</u>
Segment results	<u>159,197</u>	<u>197,918</u>	<u>357,115</u>
Depreciation	66,767	42	66,809
Share of profits of joint ventures	–	104,921	104,921
Change in fair value of investment properties	–	28,375	28,375
Capital expenditure	<u>30,886</u>	<u>–</u>	<u>30,886</u>

	<b>EMS division HK\$'000</b>	<b>Property Holding division HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 31 December 2020</b>			
Segment assets	3,005,529	2,280,684	5,286,213
Interests in joint ventures	–	2,148,651	2,148,651
<b>Total reportable segment assets</b>	<b>3,005,529</b>	<b>4,429,335</b>	<b>7,434,864</b>
<b>As at 31 December 2019</b>			
Segment assets	2,708,691	2,787,668	5,496,359
Interests in joint ventures	–	2,505,012	2,505,012
<b>Total reportable segment assets</b>	<b>2,708,691</b>	<b>5,292,680</b>	<b>8,001,371</b>

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, interests in joint ventures, restricted cash, inventories, stock of completed properties, trade receivables, prepayments, deposits and other receivables, short-term bank deposits and cash and cash equivalents, but exclude investments in associates, derivative financial instruments, financial assets at fair value through other comprehensive income, deferred income tax assets, amounts due from associates, current income tax recoverable and corporate and unallocated assets.

A reconciliation of reportable segment results to (loss)/profit before income tax is provided as follows:

	<b>2020 HK\$'000</b>	2019 HK\$'000
<b>Reportable segment results</b>	<b>(647,336)</b>	357,115
Other income	21,326	9,826
Other (losses)/gains – net	(50,638)	9,502
Finance costs – net	(37,292)	(44,873)
Share of profit/(loss) of an associate	949	(636)
Corporate and unallocated expenses	(22,639)	(26,365)
<b>(Loss)/profit before income tax</b>	<b>(735,630)</b>	304,569

Reportable segment assets are reconciled to total assets as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Reportable segment assets</b>	<b>7,434,864</b>	8,001,371
Investments in associates	<b>25,719</b>	26,062
Financial assets at fair value through other comprehensive income	<b>7,482</b>	4,475
Derivative financial instruments	–	76
Deferred income tax assets	<b>27,301</b>	27,642
Amounts due from associates	–	14
Current income tax recoverable	<b>1,372</b>	1,727
Corporate and unallocated assets	<b>89,193</b>	121,869
	<hr/>	<hr/>
<b>Total assets per consolidated statement of financial position</b>	<b>7,585,931</b>	8,183,236
	<hr/> <hr/>	<hr/> <hr/>

Reconciliations of other material items are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Depreciation		
– Reportable segment total	<b>68,552</b>	66,809
– Corporate headquarters	<b>2,369</b>	2,395
	<hr/>	<hr/>
	<b>70,921</b>	69,204
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
– Reportable segment total	<b>73,884</b>	30,886
– Corporate headquarters	–	–
	<hr/>	<hr/>
	<b>73,884</b>	30,886
	<hr/> <hr/>	<hr/> <hr/>

The Company is domiciled in Bermuda. Analysis of the Group's revenue by geographical market, which is determined by the destination of the invoices billed, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
North America	603,380	885,028
Asia (excluding Hong Kong)	1,707,703	1,491,294
Europe	451,696	627,781
Hong Kong	461,857	777,053
	<u>3,224,636</u>	<u>3,781,156</u>

For the year ended 31 December 2020, revenues of approximately HK\$1,278,805,000 and HK\$344,633,000 were derived from the top two external customers respectively. For the year ended 31 December 2019, revenues of approximately HK\$1,356,499,000, HK\$420,082,000 and HK\$378,548,000 were derived from the top three external customers respectively. These customers individually account for 10% or more of the Group's revenue. These revenues are attributable to the EMS division.

Analysis of the Group's non-current assets by geographical market is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
North America	14	6
Asia (excluding Hong Kong)	311,930	314,735
Europe	20	30
Hong Kong	4,297,665	5,135,603
	<u>4,609,629</u>	<u>5,450,374</u>

Non-current assets comprise property, plant and equipment, investment properties, right-of-use assets, investments in associates, interests in joint ventures, financial assets at fair value through other comprehensive income, derivative financial instruments, deposits and other receivables and restricted cash. They exclude deferred income tax assets.

The Group has recognised the following liabilities related to contracts with customers:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract liabilities – EMS division	164,190	147,465
Contract liabilities – Property Holding division	–	–
	<u>164,190</u>	<u>147,465</u>

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities that were satisfied in a prior year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
EMS division	147,465	118,089
Property Holding division	–	11,904
	<u>147,465</u>	<u>129,993</u>
<b>3. OTHER INCOME</b>		
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Government grant	19,226	7,688
Sales of scrap and spare parts	1,399	2,126
Others	701	12
	<u>21,326</u>	<u>9,826</u>
<b>4. OTHER (LOSSES)/GAINS – NET</b>		
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Losses)/gains on financial instruments – net		
– Unrealised	–	20
– Realised	(1)	(18)
Gains on disposals of property, plant and equipment	198	288
Exchange (losses)/gains – net	(50,993)	9,212
Gains on lease modification	167	–
Others	(9)	–
	<u>(50,638)</u>	<u>9,502</u>

## 5. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	6,882	36,761
– Overseas taxation	25,406	37,677
Over-provision in prior years		
– Current income tax	(9,638)	(3,225)
Deferred income tax	3,398	(32,971)
	<u>26,048</u>	<u>38,242</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax ("CIT") at a rate of 25% (2019: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly-owned subsidiary of the Company. WTSZ is entitled to the preferential CIT Rate of 15% (2019: 15%) under the New and High Technology Enterprises status till 31 December 2021.

## 6. DIVIDENDS

The dividends paid in 2020 and 2019 were approximately HK\$23,925,000 (HK\$0.05 per share) and HK\$43,064,000 (HK\$0.09 per share) respectively. A final dividend in respect of the year ended 31 December 2020 of HK\$0.02 per share, amounting to a total dividend of approximately HK\$9,570,000, will be proposed at the upcoming annual general meeting of the Company. These financial statements do not reflect this final dividend payable.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim dividend paid – HK\$0.02 (2019: HK\$0.035) per share	9,570	16,747
Proposed final dividend – HK\$0.02 (2019: HK\$0.03) per share	9,570	14,355
	<u>19,140</u>	<u>31,102</u>



## 7. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
(Loss)/profit attributable to owners of the Company (HK\$'000)	<u>(761,674)</u>	<u>266,327</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>478,484</u>	<u>478,484</u>
Basic (loss)/earnings per share (HK\$)	<u>(1.59)</u>	<u>0.56</u>

### (b) Diluted

No diluted earnings per share is presented for both years because there is no dilutive potential ordinary shares outstanding throughout both years.

## 8. INTERESTS IN JOINT VENTURES

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<b>1,013,979</b>	1,338,210
Loans to joint ventures	<u><b>1,134,672</b></u>	<u>1,166,802</u>
	<u><b>2,148,651</b></u>	<u>2,505,012</u>

As at 31 December 2020, the Group's principal joint ventures included Talent Chain Investments Limited, Crown Opal Investment Limited and Open Vantage Limited, all of which the Group has 35.7% equity interest. Crown Opal Investment Limited is engaged in property holding.

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming twelve months. They represent the Group's long-term interests that in substance form part of the Group's net investments in the joint ventures.

Movements in share of net assets is analysed as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At 1 January	1,338,210	1,233,289
Share of (losses)/profits of joint ventures	<u>(324,231)</u>	<u>104,921</u>
At 31 December	<u><u>1,013,979</u></u>	<u><u>1,338,210</u></u>

## 9. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	914,115	878,695
Less: allowance for impairment of trade receivables	<u>(1,974)</u>	<u>(2,564)</u>
	<u><u>912,141</u></u>	<u><u>876,131</u></u>

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 120 days and no interest is charged.

Ageing analysis of the Group's trade receivables by invoice date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 60 days	572,521	550,971
61 – 90 days	186,848	154,132
Over 90 days	<u>154,746</u>	<u>173,592</u>
	<u><u>914,115</u></u>	<u><u>878,695</u></u>

## 10. TRADE PAYABLES

Ageing analysis of the Group's trade payables by invoice date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 60 days	586,833	520,152
61 – 90 days	40,407	100,299
Over 90 days	<u>41,038</u>	<u>53,198</u>
	<u><u>668,278</u></u>	<u><u>673,649</u></u>

## 11. BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	324,943	237,773
Short-term bank loans, unsecured	410,000	320,000
Portion of long-term bank loans due for repayment within one year, secured	119,065	151,848
Portion of long-term bank loans due for repayment after one year, secured	<u>1,184,662</u>	<u>1,226,565</u>
Total borrowings	<u><u>2,038,670</u></u>	<u><u>1,936,186</u></u>
Non-current	1,184,662	1,226,565
Current	<u>854,008</u>	<u>709,621</u>
Total borrowings	<u><u>2,038,670</u></u>	<u><u>1,936,186</u></u>

## **DIVIDENDS**

The Company paid an interim dividend of HK\$0.02 (2019: HK\$0.035) per share for 2020. The Directors now recommend the payment of a final dividend of HK\$0.02 (2019: HK\$0.03) per share on or before Tuesday, 6 July 2021 to the shareholders whose names appear on the Register of Members of the Company on Monday, 21 June 2021. Payment of such proposed final dividend is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

## **CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS**

For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed on Monday, 21 June 2021 and no transfer of shares will be effected on that date. To qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 June 2021.

## **REVIEW OF BUSINESS ACTIVITIES**

### **Financial Results**

The loss attributable to owners of the Company for the year ended 31 December 2020 amounted to HK\$761.7 million, as compared to the profit attributable to owners of the Company of HK\$266.3 million for the last financial year.

This was mainly attributable to the decrease in the value of the Group's properties and share of losses in the Group's joint ventures (the "Joint Ventures") which was due to a decrease in the value of properties held by the Joint Ventures. The decrease in value of properties held by the Group and the Joint Ventures was HK\$866.0 million as compared to an increase in value of HK\$98.0 million for the last financial year. The decrease reflects the commercial property market conditions which were adversely affected by the outbreak of COVID-19. The decrease in the value of the properties is unrealised and did not have any impact on the Group's cash flow. The properties held by the Group and the Joint Ventures are mainly for leasing purposes and the rental income had no significant change during the year.

Besides the decrease in the value of the properties, the appreciation of Renminbi in the second half of 2020 resulted in a significant exchange loss. The exchange loss was HK\$51.0 million as compared to an exchange gains of HK\$9.0 million for the last financial year. However, the exchange loss in the consolidated income statement was offset by the gains on currency translation difference of HK\$131.4 million in other comprehensive income.

Loss per share for the year was HK\$1.59 as compared to earnings per share of HK\$0.56 for the last financial year. The Group's revenue for the year ended 31 December 2020 was HK\$3,224.6 million, as compared to HK\$3,781.2 million for the last financial year. Operating loss for the year ended 31 December 2020 was HK\$375.1 million, as compared to operating profit of HK\$245.2 million for the last financial year. The operating loss was driven by decrease in the value of properties held by the Group and the Joint Ventures.

### **Electronic Manufacturing Service (“EMS”) Division**

Revenue for the EMS Division for the year ended 31 December 2020 was HK\$3,157.2 million, as compared to HK\$3,560.0 million for the last financial year. The segment profit attributable to the EMS Division was HK\$132.8 million, a 16.6% decrease as compared to HK\$159.2 million for the last financial year. The decrease in the segment net profit was attributable to reduction in demand as a result of the current trade tension between Mainland China and the US and the Group's manufacturing operations from January to March 2020 were impacted by the outbreak of COVID-19.

### **Property Holding Division**

The Property Holding Division reported revenue of HK\$67.5 million, as compared to HK\$221.2 million for the last financial year. The decrease in revenue was mainly due to revenue of HK\$149.7 million recognised from the sale of 6/F of One Harbour Square in last financial year. The segment loss for the year ended 31 December 2020 was HK\$780.1 million as compared to segment profit of HK\$197.9 million for last financial year. The segment loss was driven by decrease in the value of properties held by the Group and the Joint Ventures.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2020, the Group had a total of HK\$3,221.7 million (2019: HK\$3,311.6 million) of banking facilities. Total bank borrowings were HK\$2,038.7 million (2019: HK\$1,936.2 million). Cash and cash equivalents and short-term bank deposits were HK\$1,419.1 million at 31 December 2020 (2019: HK\$1,185.2 million).

As at 31 December 2020, the Group had a net bank borrowing of HK\$619.6 million, as compared to HK\$751.0 million at 31 December 2019. Sufficient banking facilities and bank balances are available to meet the cash needs of the Group for its manufacturing operations as well as Property Holding Division.

Net gearing ratio for the Group as at 31 December 2020 was 0.15 (2019: 0.16). The net gearing ratio was calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings and lease liabilities less cash and cash equivalents and short-term bank deposits.

## **FOREIGN EXCHANGE AND RISK MANAGEMENT**

Most of the Group's sales are conducted in United States dollars and costs and expenses are mainly in United States dollars, Hong Kong dollars, Japanese Yen, Chinese Renminbi and Vietnam Dong. Consistent with its prudent policy on financial risk management, the Group does not use any foreign exchange hedging products. The Group recognises the currency risk in the appreciation of Chinese Renminbi and will closely monitor and actively manage the risk involved.

## **CAPITAL STRUCTURE**

The Group's capital structure consists of bank borrowings, cash and cash equivalents, short-term bank deposits and equity attributable to owners of the parent, comprising issued share capital and reserves.

## **EMPLOYEES**

As at 31 December 2020, the Group employed approximately 3,700 employees. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses and employee related insurance benefits, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programs to its employees.

## **PROSPECTS**

Following the roll-out of COVID-19 vaccination programs, there are signs of recovery of world demand. Recently, the EMS business has also experienced increase in customer orders. However, the operating environment is still beset with difficulties. Widespread pandemic lockdowns continue to hamper supply chains, customer visits and movement of our staffs among different facilities of our Group while the recent surge of demand has resulted in shortage of some materials. The Directors expect that the year of 2021 will still be full of challenges.

To cope with increased US tariffs, the EMS business has established a manufacturing facility in Hai Duong Province of Vietnam to cater for the needs of many global customers. This new facility is expected to bring in new sales opportunities. Even though the progress of the facility has been somewhat delayed due to pandemic lockdowns, feedbacks from prospective customers regarding manufacturing in Vietnam are very favorable. The EMS business has recently contracted to lease a new site of about 17,000 square meters of land for a construction of a 30,000 square meters of floor area near our present facility for expansion.

Due to the sharp appreciation of Renminbi in the second half of 2020, the Group incurred an exchange loss of HK\$51.0 million from the translation of the US dollar deposits held by a subsidiary in China to Renminbi, the book currency of the Chinese subsidiary. In consolidation, upon translating the Chinese subsidiary's accounts from Renminbi to Hong Kong dollars, there was an offsetting translation gain generated, which was booked as a gain in the comprehensive income statement.

To enhance its competitive edge, the EMS business will continue to focus on customer base expansion, cost control, operating efficiency and value-added services to customers, including product design and technology services. The Directors will monitor current operating conditions vigilantly putting the health of our employees and benefits of our business partners in the first priority.

In 2020, due to the impact of the coronavirus pandemic, the market conditions for commercial properties in Hong Kong had deteriorated considerably, resulting in a huge decline in the valuation of commercial properties held by the Group. Pursuant to generally accepted accounting principles, the Group needed to book such decline in value as loss even though such valuation losses are unrealized and do not have any impact on the Group's cash flow. The rental income derived by the Group from commercial properties held has remained stable notwithstanding the drop in the valuation of those properties. As the coronavirus pandemic is gradually under control, the Directors expect the market conditions for commercial properties in Hong Kong to become stabilized.

## **AWARD & RECOGNITION**

The Company and its wholly-owned subsidiary, Wong's Electronics Company Limited, were awarded the Caring Company Logo by The Hong Kong Council of Social Service for the ninth consecutive year. These serve as recognition of the Group's active participation in community activities and good corporate citizenship.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S S LISTED SECURITIES**

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2020, the Company has complied with the code provisions under the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except for the following deviations:

### **Code provision A.2.1**

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong Chung Mat, Ben is the Group’s Chairman and Chief Executive Officer and has occupied these two positions since February 2003. In allowing the two positions to be occupied by the same person, the Company has considered the following:

- (a) Both positions require in-depth knowledge and considerable experience of the Group’s business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group’s performance could be gravely compromised.
- (b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

### **Code provision A.4.1**

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing Independent Non-executive Directors of the Company is appointed for a specific term. However, every Director of the Company is now subject to retirement by rotation and re-election under Bye-law 112 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.



## **Code provisions A.5.1 to A.5.4**

Code provisions A.5.1 to A.5.4 provide that a nomination committee should be established with specific terms of reference which should be made available on the websites of the Stock Exchange and the listed issuer, and that sufficient resources should be provided to such committee to perform its duties.

The Company does not have the present intention to establish a Nomination Committee in view that the Board itself shall discharge all duties expected to be dealt with by a Nomination Committee. In addition, the policy and procedure for nomination of directors have been set out in writing and adopted by the Board to serve as a guideline in order to ensure that there is a formal, considered and transparent procedure for the appointment of new directors with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2020.

## **AUDIT COMMITTEE**

The Audit Committee, which comprises of three Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2020.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

## ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held soon. A notice convening the AGM, which constitutes part of the circular to shareholders, will be sent to the shareholders of the Company in due course. The notice of the AGM and the proxy form will also be available on the websites of the Company and the Stock Exchange.

## PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the Company’s website at [www.wih.com.hk/investor07.asp](http://www.wih.com.hk/investor07.asp) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2020 annual report will be dispatched to shareholders of the Company and will be available on the above websites in due course.

By Order of the Board  
**WONG CHUNG MAT, BEN**  
*Chairman and Chief Executive Officer*

Hong Kong, 30 March 2021

*As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Chung Mat, Ben, Ms. Wong Yin Man, Ada, Dr. Chan Tsze Wah, Gabriel, Mr. Wan Man Keung and Mr. Hung Wing Shun, Edmund; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric GBS, OBE, JP, Dr. Yu Sun Say GBM, JP, Mr. Alfred Donald Yap JP and Mr. Cheung Chi Chiu, David.*

Website: [www.wih.com.hk](http://www.wih.com.hk)